

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

EX PARTE OR LATE FILED

In the Matter of)
)
BEEHIVE TELEPHONE COMPANY, INC.)
BEEHIVE TELEPHONE, INC. NEVADA)
)
Tariff F.C.C. No. 1)
)
To: The Commission)

CC Docket No. 98-108

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Transmittal No. 11
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REBUTTALS

Beehive Telephone Company, Inc. ("Beehive Utah") and Beehive Telephone, Inc. Nevada ("Beehive Nevada"), by their attorneys, hereby respond to the Opposition to Direct Case ("Opp") filed by AT&T Corp. ("AT&T") in the above-captioned proceeding.

I.

As noted by AT&T, the Common Carrier Bureau ("Bureau") denied what it found to be an "untimely" motion for extension of time filed by Beehive Utah and Beehive Nevada (collectively "Beehive"). See Opp. at 3 n.7. As the staff was informed, the motion was filed at the suggestion of a third party in order to facilitate confidential settlement discussions. The timing of the motion was not of Beehive's choosing, so to characterize the motion as untimely is somewhat unfair.

II.

Also unfair was AT&T's depiction of Beehive using its direct case as a "soap box to rehash meritless claims" or to make "frivolous" and "irrelevant" arguments. Opp. at 4. Beehive believes its claims have merit and are relevant to the determinations that the Commission faces in this case.

Beehive has made its tariff filings under section 61.39(b) of the Commission's Rules, which requires a local exchange carrier ("LEC") to base rate proposals on a cost of service study and related

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demand for either a “12 month period” or for the “total period since the [LECs] last annual filing.” 47 C.F.R. § 61.39(b)(i), (ii). However, the Bureau has been evaluating Beehive’s rates in light of “historical cost and demand trends” over a three-year period. *Beehive Tele. Co., Inc.*, 12 FCC Rcd 20249, 20252 (Com. Car. Bur. 1997). *See Beehive Tel. Co., Inc.*, 13 FCC Rcd 5142, 5145 (Com. Car. Bur. 1998). Accordingly, Beehive included in its direct case (and for the record) an historical view of the development of its rates. And since it seeks to recover its 1996 and 1997 legal expenses, Beehive detailed the circumstances under which it incurred some of those expenses.

Beehive also included historical information to build a record relevant to the equitable considerations that the Commission may have to weigh. *See Virgin Islands Tel. Corp. v. FCC*, 989 F.2d 1234, 1240 (D.C. Cir. 1993). The Bureau’s 1994 and 1995 actions, for example, were addressed as relevant to the issue of whether Beehive had a reasonable basis for believing that its rates had been appropriately developed, that its efforts to stimulate traffic were related to its regulated service, and that its subsequent rate reductions would be approved by the Bureau.

III.

AT&T calls Beehive’s rejected attempt to revise its local switching rates “patently unlawful”. Opp. at 2. Beehive believes that the Bureau lacked the authority to reject a rate revision, because the rates were “substantially higher” than the rates prescribed by the Commission. *Beehive Tel. Co., Inc.*, 13 FCC Rcd 12647, 12649 (Com. Car. Bur. 1998). There was no term to the rate prescription, and “[t]he Commission has no authority to reject rates summarily on the ground that they are unlawfully high.” *Associated Press v. FCC*, 488 F.2d 1095, 1104 (D.C. Cir. 1971).

IV.

It is AT&T, not Beehive, that is “redefining the inquiry”. Opp. at 4-5. Beehive was not directed to provide explanations of “the expense items identified by the Bureau.” *Id.* at 4. Beehive was to explain “why [the] staff’s tentative conclusion that Beehive has merely moved substantial amounts of its expenses from Utah to Nevada and from corporate operations and plant specific accounting categories to customer operations expense accounts is incorrect.” Letter of Jane E. Jackson to Russell D. Lukas at 2 (Oct. 19, 1998). Thus, Beehive was not “cavil[ing] over semantics” when it addressed whether it had moved “substantial” expenses. Opp. at 5. It was responding to a specific staff inquiry.

Beehive believes it provided a detailed explanation that was fully responsive to the Bureau’s request. However, to further clarify its account adjustments, Beehive has proffered as Attachment 1 hereto a reconciliation of the adjustments that were made between Transmittal No. 8 and Transmittal No. 11. Additional information will be provided if needed by the staff.

V.

Contrary to AT&T’s argument, Beehive did not “ignore” the Commission’s findings with respect to the lease of switching equipment from Joy Enterprises, Inc. (“JEI”). *See* Opp. at 5-6. The reclassification of the JEI expenses were prompted by the questions posed by the Commission with respect to the JEI lease and its concerns about Beehive’s prior accounting treatment of JEI - related costs. *See Beehive Tel. Co., Inc.*, 13 FCC Rcd 12275, 12282-83 (1998). Moreover, the Commission has never ruled (despite several opportunities) that the JEI expenses were not recoverable if they were recorded in the appropriate expense account. Finally, Beehive addressed the JEI issue in detail, *see*

Direct Case at 25-28, which AT&T elected to ignore.

VI.

AT&T's wrongly assumed that Beehive is claiming that the entire 26% increase in its interstate net plant was associated with the incorrect use of the weighted DEM allocator. *See* AT&T Opp. at 6-7. The majority of the increase is attributable to additional plant being placed in service.

Net plant increased for Beehive Nevada largely in connection with the installation of fiber link to connect with the interstate network at Elko, Nevada. The project required laying cable over 56 miles over terrain that included 16 rivers and dry washes. The fiber project began in 1995 and was completed in 1997. The cost of the project was carried as plant under construction. The project closed into Beehive Nevada's books on December 31, 1997, and then was considered as plant in service. The total cost of the project was \$626,571.62. *See infra* Attachment 2. The cost of the project was reflected in Transmittal No. 11.

VII.

As to AT&T's complaint that Beehive did not explain why its prices are higher than those of NECA's, *see* Opp. at 7, the response from a legal standpoint is that Beehive was not required to make such an explanation. This case is not like a trial where an answer lends to a question. This is a notice and comment proceeding where Beehive is entitled to know the issues in question, and not have to anticipate every possible collateral matter.

It is true that Beehive's costs have historically been high. However, they are not "unreasonably" high. *Id.* at 7. When consideration is given to the low density of Beehive customers per route mile, and the low number of customers per exchange, Beehive's expenses should be very

high. Beehive's analysis of NECA's USF database of thirty-seven LECs indicated a range of total expense to total plant in service of 33.62% to 113.89%. *See infra* Attachment 3. Beehive's relationship is only 58%, certainly not unreasonably high when consideration is given to Beehive's analysis of access lines per route mile.

VIII.

Beehive selected NECA's unit prices as a benchmark for its rate development because those prices were readily available. The unit price and extended price are nothing more than a vehicle for allocation of Beehive's revenue requirement between the various rate elements.

Attachment 4 hereto demonstrates various adjusted unit cost (AUC) calculations based on numerous LEC's actual tariff unit prices. Even though AUC rates do vary based on each LEC's individual unit price, one important element never changes -- Beehive's \$3,234,499 revenue requirement always remains constant in every example. The AUC column in Attachment 4 clearly illustrates how individual rates can change based on the unit price a LEC elects to use for extension development. Percentage calculations included also reflect how the unit price chosen can impact the percentage AT&T questioned, but have absolutely no effect on Beehives' revenue requirement, the most important component of the equation. While the AUC will change, and the percentage variance will change, but in accordance with proper procedures Beehive's revenue requirement always remains constant at \$3,235,499.

IX.

Finally, Beehive has shown its rates are lawful and reasonable. Although it would be inappropriate to do so, should the Commission nevertheless prescribe Beehive's rates, the

Commission must make available to Beehive the underlying data and calculations of the methodology used to prescribe such rates so that Beehive may meaningfully comment on such methodology.

Respectfully submitted,

BEEHIVE TELEPHONE COMPANY, INC.
BEEHIVE TELEPHONE, INC. NEVADA

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BEEHIVE TELEPHONE COMPANY, INC
EXPLANATION OF CHANGES BETWEEN TRANSMITTAL #8
AND TRANSMITTAL #11

6112

TRANSMITTAL #8	\$	11,915
ALLOCATION ADJUSTMENTS	\$	(12,378)
TRANSMITTAL #11	\$	(463)

6121

TRANSMITTAL #8	\$	32,519
PAYROLL ADJUSTMENTS	\$	1,081
ACCOUNTS PAYABLE ACCRUALS	\$	1,188
RECLASSES	\$	786
TRANSMITTAL #11	\$	35,574

6124

TRANSMITTAL #8	\$	22,687
RECLASSES	\$	(651)
TRANSMITTAL #11	\$	22,036

6212

TRANSMITTAL #8	\$	1,114,883
RECLASS JEI EXPENSES TO 6613	\$	(1,008,000)
PAYROLL ADJUSTMENTS	\$	(3,878)
ALLOCATION ADJUSTMENTS	\$	203,733
TRANSMITTAL #11	\$	306,740

6232

TRANSMITTAL #8	\$	18,225
RECLASSES	\$	(10,592)
TRANSMITTAL #11	\$	7,633

6423

TRANSMITTAL #8	\$	336,359
PAYROLL ADJUSTMENTS	\$	(27,566)
RECLASSES	\$	(15,093)
TRANSMITTAL #11	\$	293,700

6531

TRANSMITTAL #8	\$	20,534
RECLASSES	\$	(8,213)
TRANSMITTAL #11	\$	12,321

6532

TRANSMITTAL #8	
RECLASSES	\$ 46
TRANSMITTAL #11	\$ (46)
	\$ -

6540

TRANSMITTAL #8	
RECLASSES	\$ 42,951
TRANSMITTAL #11	\$ (42,951)
	\$ -

6561

TRANSMITTAL #8	
DEPRECIATION ADJUSTMENTS	\$ 387,918
TRANSMITTAL #11	\$ (74,927)
	\$ 312,991

6613

TRANSMITTAL #8	
RECLASS JEI EXPENSES FROM 6212	\$ -
TRANSMITTAL #11	\$ 1,008,000
	\$ 1,008,000

6621

TRANSMITTAL #8	
PAYROLL ADJUSTMENTS	\$ 26,214
TRANSMITTAL #11	\$ (18,792)
	\$ 7,422

6623.1

TRANSMITTAL #8	
PAYROLL ADJUSTMENTS	\$ 24,824
RECLASSES	\$ 7,226
TRANSMITTAL #11	\$ (3,899)
	\$ 28,151

6623.2

TRANSMITTAL #8	
PAYROLL ADJUSTMENTS	\$ 167,125
RECLASSES	\$ 254
TRANSMITTAL #11	\$ 93,922
	\$ 261,301

6721

TRANSMITTAL #8	
PAYROLL ADJUSTMENTS	\$ 212,613
RECLASSES	\$ (24,286)
TRANSMITTAL #11	\$ (19,020)
	\$ 169,307

6723

TRANSMITTAL #8	\$	38,126
RECLASSES	\$	(38,126)
TRANSMITTAL #11	\$	-

6724

TRANSMITTAL #8	\$	40,239
RECLASSES	\$	(40,239)
TRANSMITTAL #11	\$	-

6725

TRANSMITTAL #8	\$	282,946
A/P ACCRUALS	\$	20,422
TRANSMITTAL #11	\$	303,368

6728

TRANSMITTAL #8	\$	486,995
PAYROLL ADJUSTMENTS	\$	36,507
A/P ACCRUALS	\$	34,603
RECLASSES	\$	(476,459)
TRANSMITTAL #11	\$	81,646

BEEHIVE TELEPHONE COMPANY, INC - NV
EXPLANATION OF CHANGES BETWEEN TRANSMITTAL #8
AND TRANSMITTAL #11

6124

TRANSMITTAL #8	\$	-
ALLOCATION ADJUSTMENTS	\$	17
TRANSMITTAL #11	\$	17

6212

TRANSMITTAL #8	\$	41,224
ALLOCATION ADJUSTMENTS	\$	43,052
TRANSMITTAL #11	\$	84,276

6423

TRANSMITTAL #8	\$	16,836
ALLOCATION ADJUSTMENTS	\$	18,253
TRANSMITTAL #11	\$	35,089

6531

TRANSMITTAL #8	\$	2,497
RECLASSES	\$	1,000
TRANSMITTAL #11	\$	3,497

6540

TRANSMITTAL #8	\$	24,734
RECLASSES	\$	(24,734)
TRANSMITTAL #11	\$	-

6560

TRANSMITTAL #8	\$	56,626
DEPRECIATION ADJUSTMENTS	\$	(18,710)
TRANSMITTAL #11	\$	37,916

6621

TRANSMITTAL #8	\$	-
RECLASSES	\$	8,081
TRANSMITTAL #11	\$	8,081

6623.1

TRANSMITTAL #8	\$	3,769
RECLASSES	\$	(1,121)
TRANSMITTAL #11	\$	2,648

6623.2

TRANSMITTAL #8	\$	12,937
RECLASSES	\$	(494)
TRANSMITTAL #11	\$	12,443

6721

TRANSMITTAL #8	\$	17,710
RECLASSES	\$	(2,280)
TRANSMITTAL #11	\$	15,450

6723

TRANSMITTAL #8	\$	104
RECLASSES	\$	(104)
TRANSMITTAL #11	\$	-

6725

TRANSMITTAL #8	\$	41,624
RECLASSES	\$	(36,015)
TRANSMITTAL #11	\$	5,609

6728

TRANSMITTAL #8	\$	22,331
RECLASSES	\$	33,926
TRANSMITTAL #11	\$	58,257

Attachment 2

NEVADA FIBER PROJECT COSTS	
Engineering & Surveys	\$ 187,878.53
Cable	175,091.59
Overhead	104,269.81
Labor	58,183.83
Outside Labor	33,918.27
Supplies and Incidentals	33,575.38
Carrier Equipment	30,048.14
Right of Ways & Permits	2,606.07
TOTAL	<u>\$ 625,571.62</u>

Attachment 3

COMPANY	ACCESS LINES per	EXCHANGES	ACCESS LINES
	ROUTE MILE A		
		B	C
DELL TELEPHONE COOP INC	0.31	9	964
SOUTHERN MONTANA TELEPHONE CO	1.52	5	815
PIONEER TELEPHONE COMPANY	1.86	2	823
SOUTHWEST OKLAHOMA TEL CO	1.87	5	937
HEMINGFORD CO-OP TELEPHONE CO	1.93	1	927
ROCK COUNTY TELE CO	2.17	2	991
H & B COMMUNICATIONS INC	2.27	3	965
DILLER TELEPHONE CO	2.35	4	903
THE CURTIS TELEPHONE CO INC	2.47	1	821
THE BLANCA TELEPHONE COMPANY	2.69	1	899
CLARKS TELEPHONE COMPANY	2.79	3	964
NORTHEAST LOUISIANA TEL CO INC	2.95	2	909
LINCOLN TELEPHONE COMPANY	3.04	2	976
MODERN COOP TEL CO	3.29	4	887
DUCOR TELEPHONE CO	3.69	2	836
C R TELEPHONE COMPANY	3.70	2	916
UPSALA COOP TEL ASSN	3.70	1	944
S & A TELEPHONE COMPANY INC	3.84	2	850
SPRUCE KNOB SENECA ROCKS TEL C	3.90	1	1,000
KEYSTONE FARMERS COOP TEL CO	4.49	3	994
RIVER VALLEY TELE COOP	4.66	2	983
CASTLEBERRY TELEPHONE CO INC	5.42	1	889
GOSHEN TELEPHONE CO INC	5.53	1	836
HENDERSON COOP TELEPHONE CO	5.64	1	988
NORTH RIVER TELE COOP	5.83	1	951
HARMONY TELEPHONE COMPANY	6.28	1	954
BYERS PETROLIA TELE CO INC	6.37	2	829
TROY TELEPHONE COMPANY INC	6.85	1	884
LAKESIDE TELEPHONE CO	7.03	2	879
THE BUCKLAND MUTUAL TEL CO	7.55	1	831
SPRING VALLEY TELEPHONE CO	8.42	1	960
CROWN POINT TELE CORP	8.93	1	929
WESTPHALIA TELEPHONE COMPANY	9.49	1	949
NEW LONDON TELEPHONE CO	10.40	1	916
PERKINSVILLE TELEPHONE CO INC	11.28	1	852
MONROE TELEPHONE COMPANY	12.97	1	882
GERVAIS TELEPHONE COMPANY	16.67	1	966
BEEHIVE TELEPHONE COMPANY	0.75	14	882

COMPANY	TOTAL LOOPS	ACCT 2001	TOT EXPENSE	EXPENSE to 2001 RATIO	TPIS to LOOP RATIO	EXPENSE to LOOP RATIO
FRONTIER-MT. PULASKI	1,965	2,497,100	2,843,891	113.89%	1,271	1,447
ACCIPITER COMM.	39	226,179	234,046	103.48%	5,799	6,001
KINGSGATE TEL., INC.	97	683,514	511,689	74.86%	7,047	5,275
JEFFERSON TEL CO -SD	573	869,399	632,256	72.72%	1,517	1,103
NOXAPATER TEL CO	1,024	2,183,959	1,497,588	68.57%	2,133	1,462
GEORGETOWN TEL CO	312	1,202,309	742,164	61.73%	3,854	2,379
ODIN TEL EXCH INC	1,186	1,961,291	1,052,111	53.64%	1,654	887
ELKHART TEL CO INC	1,677	4,003,737	2,139,914	53.45%	2,387	1,276
INTERSTATE TEL CO	14,789	17,357,994	9,076,200	52.29%	1,174	614
CASS COUNTY TEL CO	3,109	4,276,765	2,208,216	51.63%	1,376	710
BRETTON WOODS TEL CO	436	1,133,917	571,987	50.44%	2,601	1,312
BEEHIVE TEL CO - NV & UT	909	6,325,307	3,171,131	50.13%	6,959	3,489
YUKON TEL CO INC	557	1,885,028	921,028	48.86%	3,384	1,654
CHAMPLAIN TEL CO	5,594	10,770,915	5,215,337	48.42%	1,925	932
YATES CITY TEL CO	548	1,041,192	502,874	48.30%	1,900	918
MIDSTATE TEL CO	1,829	4,889,190	2,358,117	48.19%	2,673	1,288
LA HARPE TEL CO	1,100	2,097,752	1,005,114	47.91%	1,907	914
BETTLES TEL CO INC	94	447,470	208,787	46.66%	4,760	2,221
MONROE TELEPHONE CO.	940	1,979,989	921,231	46.53%	2,106	980
KADOKA TELEPHONE CO	598	1,302,032	587,817	45.15%	2,177	983
MADISON TEL CO	1,474	3,902,337	1,721,948	44.13%	2,647	1,168
HANCOCK TEL CO	1,818	3,750,226	1,624,336	43.31%	2,063	893
GERMANTOWN TEL CO	2,523	5,972,300	2,583,441	43.26%	2,367	1,024
MIDVALE TEL EXCH -OR	226	985,903	420,993	42.70%	4,362	1,863
RICHMOND TEL CO	1,067	1,777,564	757,080	42.59%	1,666	710
STAR TEL CO	4,871	11,331,827	4,715,895	41.62%	2,326	968
RESERVE TEL CO	5,316	11,746,350	4,881,072	41.55%	2,210	918
FISHERS ISLAND TEL	954	1,369,899	565,736	41.30%	1,436	593
MCCLURE TEL CO	749	1,829,533	755,145	41.28%	2,443	1,008
ARCTIC SLOPE TEL	2,247	8,673,640	3,540,516	40.82%	3,860	1,576
STANTON TEL CO, INC	1,188	2,955,004	1,199,133	40.58%	2,487	1,009
CHIPPEWA COUNTY TEL	1,371	3,351,359	1,323,943	39.50%	2,444	966
TERRAL TEL CO	317	1,088,255	424,256	38.98%	3,433	1,338
DARIEN TEL CO	5,408	12,117,627	4,694,695	38.74%	2,241	868
SUMMIT TEL & TEL -AK	131	1,039,723	400,978	38.57%	7,937	3,061
CROWN POINT TEL CORP	1,024	3,735,298	1,408,045	37.70%	3,648	1,375
WINN TEL CO	721	1,500,469	565,189	37.67%	2,081	784
CITIZENS HAMMOND NY	1,729	7,317,454	2,709,478	37.03%	4,232	1,567
HOLWAY TEL CO	562	1,749,895	646,982	36.97%	3,114	1,151
HOT SPRINGS TEL CO	682	1,513,416	554,082	36.61%	2,219	812
SYCAMORE TEL CO	1,992	4,574,533	1,668,454	36.47%	2,296	838
TATUM TEL CO	897	2,956,762	1,059,788	35.84%	3,296	1,181
ZENDA TEL COMPANY	231	1,113,163	396,389	35.61%	4,819	1,716
TRANS-CASCADES TEL	160	1,050,092	370,849	35.32%	6,563	2,318
WALNUT HILL TEL CO	5,008	16,500,629	5,793,813	35.11%	3,295	1,157
PATTERSONVILLE TEL	1,391	2,724,703	940,562	34.52%	1,959	676
BORDER TO BORDER	84	1,831,284	630,779	34.44%	21,801	7,509
COLTON TEL CO	1,204	3,332,155	1,139,124	34.19%	2,768	946
WEST TEXAS RURAL TEL	2,026	12,609,752	4,303,474	34.13%	6,224	2,124

COMPANY	TOTAL LOOPS	ACCT 2001	TOT EXPENSE	EXPENSE to 2001 RATIO	TPIS to LOOP RATIO	EXPENSE to LOOP RATIO
DELL TEL. CO-OP - TX	689	16,661,766	2,433,379	14.60%	24,183	3,532
BORDER TO BORDER	84	1,831,284	630,779	34.44%	21,801	7,509
DELL TEL CO-OP - NM	345	7,363,957	1,070,791	14.54%	21,345	3,104
OREGON-IDAHO UTIL.	781	11,289,601	1,513,974	13.41%	14,455	1,939
BIG BEND TEL CO INC	4,558	65,165,652	9,256,114	14.20%	14,297	2,031
SCOTT COUNTY TEL CO	127	1,576,914	263,092	16.68%	12,417	2,072
RICO TEL CO	142	1,590,134	303,885	19.11%	11,198	2,140
HUMBOLDT TEL CO	670	7,424,652	1,145,000	15.42%	11,082	1,709
XIT RURAL TEL CO-OP	1,329	14,633,643	3,024,456	20.67%	11,011	2,276
ENMR TEL COOP INC-NM	11,834	129,343,238	18,467,767	14.28%	10,930	1,561
VALLEY TEL CO-OP -TX	5,785	58,433,277	8,650,343	14.80%	10,101	1,495
FORT MOJAVE TEL, INC	404	4,017,647	900,311	22.41%	9,945	2,228
WESTERN NEW MEXICO	5,778	55,118,066	8,206,863	14.89%	9,539	1,420
ISLAND TEL CO	600	5,697,644	755,834	13.27%	9,496	1,260
BACA VALLEY TEL CO	784	7,444,337	948,743	12.74%	9,495	1,210
ASOTIN TEL - OR	122	1,128,745	192,490	17.05%	9,252	1,578
HELIX TEL CO.	268	2,470,834	605,664	24.51%	9,220	2,260
INTERBEL TEL COOP	1,567	14,271,714	2,053,428	14.39%	9,108	1,310
PENASCO VALLEY TEL	2,856	25,983,176	3,988,101	15.35%	9,098	1,396
ALENCO COMMUNICATION	1,472	13,251,857	2,231,391	16.84%	9,003	1,516
BUSH-TELL INC.	790	7,003,779	1,811,454	23.01%	8,866	2,040
MIDVALE TEL EXCH INC	1,061	9,380,726	1,178,807	12.57%	8,841	1,111
RURAL TEL CO - ID	428	3,719,195	859,427	23.11%	8,690	2,008
S & T TEL COOP ASSN	1,969	16,568,255	2,540,176	15.33%	8,415	1,290
POKA-LAMBRO TEL COOP	3,661	29,549,271	5,222,658	17.67%	8,071	1,427
SUMMIT TEL & TEL -AK	131	1,039,723	400,978	38.57%	7,937	3,061
PINNACLES TEL CO	252	1,956,783	580,852	29.68%	7,765	2,305
RURAL TEL CO - NV	611	4,617,588	821,228	17.78%	7,557	1,344
ENMR TEL COOP-TX	902	6,536,053	907,132	13.88%	7,246	1,006
MID-RIVERS TEL COOP	10,529	75,963,124	8,730,660	11.49%	7,215	829
NORTHERN TEL COOP	1,428	10,297,064	1,527,740	14.84%	7,211	1,070
NAVAJO COMMUN-UT	354	2,546,427	717,690	28.18%	7,193	2,027
KINGSGATE TEL., INC.	97	683,514	511,689	74.86%	7,047	5,275
BEEHIVE TEL CO - NV & UT	909	6,325,307	3,171,131	50.13%	6,959	3,489
SOUTHERN MONTANA TEL	951	6,616,569	1,175,557	17.77%	6,957	1,236
CENTRAL TEXAS CO-OP	6,743	46,543,421	6,023,178	12.94%	6,902	893
UNION TELEPHONE CO	6,485	44,455,370	7,417,284	16.68%	6,855	1,144
ROGGEN TEL COOP CO	240	1,637,949	334,458	20.42%	6,825	1,394
ROCKLAND TEL CO INC	1,206	8,205,555	1,240,018	15.11%	6,804	1,028
UNITED UTILITIES INC	5,324	36,150,640	9,269,222	25.64%	6,790	1,741
SUNFLOWER TEL - CO	328	2,212,162	282,514	12.77%	6,744	861
LEAF RIVER TEL CO	624	4,196,625	938,393	22.36%	6,725	1,504
WESTERN WAHIAKUM	1,105	7,379,915	1,792,824	24.29%	6,679	1,622
HORNITOS TEL CO	577	3,837,395	493,707	12.87%	6,651	856
TRANS-CASCADES TEL	160	1,050,092	370,849	35.32%	6,563	2,318
PINE TEL SYSTEM INC.	948	6,186,018	1,197,681	19.36%	6,525	1,263
POTTAWATOMIE TEL CO	2,147	13,836,505	2,314,369	16.73%	6,445	1,078
SILVER STAR TEL- ID	557	3,511,784	855,966	24.37%	6,305	1,537
UINTAH BASIN TEL	2,818	17,674,854	3,204,288	18.13%	6,272	1,137

COMPANY	TOTAL LOOPS	ACCT 2001	TOT EXPENSE	EXPENSE to 2001 RATIO	TPIS to LOOP RATIO	EXPENSE to LOOP RATIO
BORDER TO BORDER	84	1,831,284	630,779	34.44%	21,801	7,509
ACCIPITER COMM.	39	226,179	234,046	103.48%	5,799	6,001
KINGSGATE TEL., INC.	97	683,514	511,689	74.86%	7,047	5,275
DELL TEL. CO-OP - TX	689	16,661,766	2,433,379	14.60%	24,183	3,532
BEEHIVE TEL CO - NV & UT	909	6,325,307	3,171,131	50.13%	6,959	3,489
DELL TEL CO-OP - NM	345	7,363,957	1,070,791	14.54%	21,345	3,104
SUMMIT TEL & TEL -AK	131	1,039,723	400,978	38.57%	7,937	3,061
GEORGETOWN TEL CO	312	1,202,309	742,164	61.73%	3,854	2,379
TRANS-CASCADES TEL	160	1,050,092	370,849	35.32%	6,563	2,318
PINNACLES TEL CO	252	1,956,783	580,852	29.68%	7,765	2,305
XIT RURAL TEL CO-OP	1,329	14,633,643	3,024,456	20.67%	11,011	2,276
HELIX TEL CO.	268	2,470,834	605,664	24.51%	9,220	2,260
FORT MOJAVE TEL, INC	404	4,017,647	900,311	22.41%	9,945	2,228
BETTLES TEL CO INC	94	447,470	208,787	46.66%	4,760	2,221
RICO TEL CO	142	1,590,134	303,885	19.11%	11,198	2,140
WEST TEXAS RURAL TEL	2,026	12,609,752	4,303,474	34.13%	6,224	2,124
SCOTT COUNTY TEL CO	127	1,576,914	263,092	16.68%	12,417	2,072
BUSH-TELL INC.	790	7,003,779	1,611,454	23.01%	8,866	2,040
BIG BEND TEL CO INC	4,558	65,165,652	9,256,114	14.20%	14,297	2,031
NAVAJO COMMUN-UT	354	2,546,427	717,690	28.18%	7,193	2,027
RURAL TEL CO - ID	428	3,719,195	859,427	23.11%	8,690	2,008
OREGON-IDAHO UTIL.	781	11,289,601	1,513,974	13.41%	14,455	1,939
MIDVALE TEL EXCH -OR	226	985,903	420,993	42.70%	4,362	1,863
DUCOR TELEPHONE CO	853	5,258,756	1,563,383	29.73%	6,165	1,833
UNITED UTILITIES INC	5,324	36,150,640	9,269,222	25.64%	6,790	1,741
ZENDA TEL COMPANY	231	1,113,163	396,389	35.61%	4,819	1,716
HUMBOLDT TEL CO	670	7,424,652	1,145,000	15.42%	11,082	1,709
YUKON TEL CO INC	557	1,885,028	921,028	48.86%	3,384	1,654
MUKLUK TEL CO INC	1,034	6,454,102	1,686,090	26.12%	6,242	1,631
WESTERN WAHIAKUM	1,105	7,379,915	1,792,824	24.29%	6,679	1,622
INLAND TEL-ID	326	1,862,857	521,767	28.01%	5,714	1,601
ASOTIN TEL - OR	122	1,128,745	192,490	17.05%	9,252	1,578
ARCTIC SLOPE TEL	2,247	8,673,640	3,540,516	40.82%	3,860	1,576
CITIZENS HAMMOND NY	1,729	7,317,454	2,709,478	37.03%	4,232	1,567
ENMR TEL COOP INC-NM	11,834	129,343,238	18,467,767	14.28%	10,930	1,561
RIVIERA TEL CO INC	1,083	5,841,338	1,684,186	28.83%	5,394	1,555
SILVER STAR TEL- ID	557	3,511,784	855,966	24.37%	6,305	1,537
ALENCO COMMUNICATION	1,472	13,251,857	2,231,391	16.84%	9,003	1,516
LEAF RIVER TEL CO	624	4,196,625	938,393	22.36%	6,725	1,504
VALLEY TEL CO-OP -TX	5,785	58,433,277	8,650,343	14.80%	10,101	1,495
NOXAPATER TEL CO	1,024	2,183,959	1,497,588	68.57%	2,133	1,462
FRONTIER-MT. PULASKI	1,965	2,497,100	2,843,891	113.89%	1,271	1,447
POKA-LAMBRO TEL COOP	3,661	29,549,271	5,222,658	17.67%	8,071	1,427
WESTERN NEW MEXICO	5,778	55,118,066	8,206,863	14.89%	9,539	1,420
PENASCO VALLEY TEL	2,856	25,983,176	3,988,101	15.35%	9,098	1,396
ROGGEN TEL COOP CO	240	1,637,949	334,458	20.42%	6,825	1,394
KEYSTONE-ARTHUR TEL	639	3,130,540	886,802	28.33%	4,899	1,388
CROWN POINT TEL CORP	1,024	3,735,298	1,408,045	37.70%	3,648	1,375
MOULTRIE INDEPENDENT	793	4,850,629	1,089,008	22.45%	6,117	1,373

COMPANY	TOTAL LOOPS	ACCT 2001	TOT EXPENSE	EXPENSE to 2001 RATIO	TPIS to LOOP RATIO	EXPENSE to LOOP RATIO
FRONTIER-MT. PULASKI	1,965	2,497,100	2,843,891	113.89%	1,271	1,447
ACCIPITER COMM.	39	226,179	234,046	103.48%	5,799	6,001
KINGSGATE TEL., INC.	97	683,514	511,689	74.86%	7,047	5,275
JEFFERSON TEL CO -SD	573	869,399	632,256	72.72%	1,517	1,103
NOXAPATER TEL CO	1,024	2,183,959	1,497,588	68.57%	2,133	1,462
GEORGETOWN TEL CO	312	1,202,309	742,164	61.73%	3,854	2,379
ODIN TEL EXCH INC	1,186	1,961,291	1,052,111	53.64%	1,654	887
ELKHART TEL CO INC	1,677	4,003,737	2,139,914	53.45%	2,387	1,276
INTERSTATE TEL CO	14,789	17,357,994	9,076,200	52.29%	1,174	614
CASS COUNTY TEL CO	3,109	4,276,765	2,208,216	51.63%	1,376	710
BRETTON WOODS TEL CO	436	1,133,917	571,987	50.44%	2,601	1,312
YUKON TEL CO INC	557	1,885,028	921,028	48.86%	3,384	1,654
CHAMPLAIN TEL CO	5,594	10,770,915	5,215,337	48.42%	1,925	932
YATES CITY TEL CO	548	1,041,192	502,874	48.30%	1,900	918
MIDSTATE TEL CO	1,829	4,889,190	2,356,117	48.19%	2,673	1,288
LA HARPE TEL CO	1,100	2,097,752	1,005,114	47.91%	1,907	914
BETTLES TEL CO INC	94	447,470	208,787	46.66%	4,760	2,221
MONROE TELEPHONE CO.	940	1,979,989	921,231	46.53%	2,106	980
KADOKA TELEPHONE CO	598	1,302,032	587,817	45.15%	2,177	983
MADISON TEL CO	1,474	3,902,337	1,721,948	44.13%	2,647	1,168
HANCOCK TEL CO	1,818	3,750,226	1,624,336	43.31%	2,063	893
GERMANTOWN TEL CO	2,523	5,972,300	2,583,441	43.26%	2,367	1,024
MIDVALE TEL EXCH -OR	226	985,903	420,993	42.70%	4,362	1,863
RICHMOND TEL CO	1,067	1,777,564	757,080	42.59%	1,666	710
STAR TEL CO	4,871	11,331,827	4,715,895	41.62%	2,326	968
RESERVE TEL CO	5,316	11,746,350	4,881,072	41.55%	2,210	918
FISHERS ISLAND TEL	954	1,369,899	565,736	41.30%	1,436	593
MCCLURE TEL CO	749	1,829,533	755,145	41.28%	2,443	1,008
ARCTIC SLOPE TEL	2,247	8,673,640	3,540,516	40.82%	3,860	1,576
STANTON TEL CO, INC	1,188	2,955,004	1,199,133	40.58%	2,487	1,009
CHIPPEWA COUNTY TEL	1,371	3,351,359	1,323,943	39.50%	2,444	966
TERRAL TEL CO	317	1,088,255	424,256	38.98%	3,433	1,338
DARIEN TEL CO	5,408	12,117,627	4,694,695	38.74%	2,241	868
SUMMIT TEL & TEL -AK	131	1,039,723	400,978	38.57%	7,937	3,061
CROWN POINT TEL CORP	1,024	3,735,298	1,408,045	37.70%	3,648	1,375
WINN TEL CO	721	1,500,469	565,189	37.67%	2,081	784
CITIZENS HAMMOND NY	1,729	7,317,454	2,709,478	37.03%	4,232	1,567
HOLWAY TEL CO	562	1,749,895	646,982	36.97%	3,114	1,151
BEEHIVE TEL CO - NV & UT	909	7,722,658	2,835,131	36.71%	8,496	3,119
HOT SPRINGS TEL CO	682	1,513,416	554,082	36.61%	2,219	812
SYCAMORE TEL CO	1,992	4,574,533	1,668,454	36.47%	2,296	838
TATUM TEL CO	897	2,956,762	1,059,788	35.84%	3,296	1,181
ZENDA TEL COMPANY	231	1,113,163	396,389	35.61%	4,819	1,716
TRANS-CASCADES TEL	160	1,050,092	370,849	35.32%	6,563	2,318
WALNUT HILL TEL CO	5,008	16,500,629	5,793,813	35.11%	3,295	1,157
PATTERSONVILLE TEL	1,391	2,724,703	940,562	34.52%	1,959	676
BORDER TO BORDER	84	1,831,284	630,779	34.44%	21,801	7,509
COLTON TEL CO	1,204	3,332,155	1,139,124	34.19%	2,768	946
WEST TEXAS RURAL TEL	2,026	12,609,752	4,303,474	34.13%	6,224	2,124

ADJUSTED UNIT COST EXAMPLE

ATTACHMENT 4

	CHARGE BASIS	USAGE DEMAND UNITS	MILEAGE	UNIT PRICE	EXTENDED PRICE	ADJUSTED COST	ADJUSTED UNIT COST
SWITCHED ACCESS SERVICE							
BEEHIVE -				NECA UNIT PRICE		REVENUE REQUIREMENT	
Premium -Local Transport Facility	min-mile	27,325,694	100.62	\$0.000326	\$896,341	\$1,506,205	\$0.000548
Premium -Local Transport Termination	min	27,325,694		\$0.016500	\$450,874	\$757,645	\$0.027726
Non Premium -Local Transport Facility	min-mile	26,056,672	100.62	\$0.000147	\$385,408	\$647,637	\$0.000247
Non Premium -Local Transport Termination	min	26,056,672		\$0.007400	\$192,819	\$324,012	\$0.012435
					\$1,925,442	\$3,235,499	168.03930%
LEC "A" (UTAH) -				LEC "A"			
Premium -Local Transport Facility	min-mile	27,325,694	100.62	\$0.000326	\$896,341	\$1,273,126	\$0.000463
Premium -Local Transport Termination	min	27,325,694		\$0.029400	\$803,375	\$1,141,082	\$0.041759
Non Premium -Local Transport Facility	min-mile	26,056,672	100.62	\$0.000147	\$385,408	\$547,418	\$0.000209
Non Premium -Local Transport Termination	min	26,056,672		\$0.007400	\$192,819	\$273,873	\$0.010511
					\$2,277,943	\$3,235,499	142.03597%
					PROOF -->	\$3,235,499	
LEC "B" (MISSOURI) -				LEC "B"			
Premium -Local Transport Facility	min-mile	27,325,694	100.62	\$0.0005270	\$1,448,992	\$1,635,121	\$0.000595
Premium -Local Transport Termination	min	27,325,694		\$0.0001268	\$3,465	\$3,910	\$0.000143
Non Premium -Local Transport Facility	min-mile	26,056,672	100.62	\$0.0005270	\$1,381,700	\$1,559,185	\$0.000595
Non Premium -Local Transport Termination	min	26,056,672		\$0.0012680	\$33,040	\$37,284	\$0.001431
					\$2,867,198	\$3,235,499	112.84534%
					PROOF -->	\$3,235,499	
LEC "C" (TEXAS) -				LEC "C"			
Premium -Local Transport Facility	min-mile	27,325,694	100.62	\$0.0001430	\$393,180	\$1,566,498	\$0.000570
Premium -Local Transport Termination	min	27,325,694		\$0.0008240	\$22,516	\$89,709	\$0.003283
Non Premium -Local Transport Facility	min-mile	26,056,672	100.62	\$0.0001430	\$374,921	\$1,493,749	\$0.000570
Non Premium -Local Transport Termination	min	26,056,672		\$0.0008240	\$21,471	\$85,543	\$0.003283
					\$812,088	\$3,235,499	398.41740%
					PROOF -->	\$3,235,499	

NOTE:

REFLECTS
ACTUAL LEC'S
TARIFF RATE.

CERTIFICATE OF SERVICE

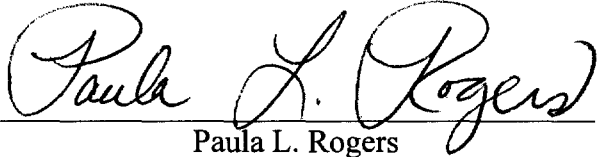
I, Paula L. Rogers, a secretary in the law offices of Lukas, Nace, Gutierrez & Sachs, Chartered, do hereby certify that I have on this 6th day of November, 1998, had a copy of the foregoing REBUTTALS hand-delivered to the following:

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